

Committee on Ways and Means

U.S.-Peru Trade Promotion Agreement (PTPA) Will Bring New Opportunities and Level the Playing Field for U.S. Exporters

- **New Market Access for U.S. Exports of Consumer and Industrial Products:** Eighty percent of U.S. exports of consumer and industrial products to Peru will become duty-free immediately, with remaining tariffs phased out over 10 years.
- **Increases Exports, Lowers the Trade Deficit, and Stimulates U.S. Economic Growth:** U.S. exporters currently face Peruvian tariffs ranging 12-25% while Peruvian exporters to the United States generally face duty-free treatment. The PTPA will correct this uneven treatment and will likely bring a much larger increase in U.S. exports than in U.S. imports.
 - An analysis by the U.S. International Trade Commission (ITC) estimates U.S. exports to Peru will increase by \$1.1 billion, while imports will increase by \$439 million.
 - According to the ITC's analysis, the PTPA will add \$2.1 billion per year to U.S. GDP.
- **New Opportunities for U.S. Farmers and Ranchers:** More than two-thirds of current U.S. farm exports to Peru will become duty-free immediately.
 - **Gives U.S. Farmers an Advantage over Competitors:** U.S. exporters of wheat and white corn currently pay a 17% tariff in Peru, while Argentina pays only 3.4% and controls two-thirds of Peru's market. The PTPA will eliminate the 17% tariff and give U.S. grain exporters an edge over the competition. There are many similar examples.
- **Promotes Science-Based Sanitary and Phyto-Sanitary (SPS) Measures:** As part of the PTPA discussions, the United States and Peru have worked to resolve SPS barriers to agricultural trade, including on food safety inspection procedures for beef, pork, and poultry.
- **Improved U.S. Access to Peruvian Services Markets:** The PTPA will provide U.S. service firms with market access, national treatment, and regulatory transparency that exceeds that afforded by the WTO General Agreement on Trade in Services (GATS). The PTPA extends trade disciplines to services for which Peru made no commitments under the GATS, such as computer and related services, and real estate, construction, environmental, and pipeline transport services.
- **Promote Textiles and Apparel Trade:** The PTPA will immediately eliminate all tariffs on U.S. trade with Peru in textiles and apparel that meet the PTPA rules of origin.
 - The tariff benefits will not harm U.S. textile producers because Peru already receives duty-free benefits under ATPDEA for almost all U.S. imports of Peruvian apparel.
 - The PTPA does not allow the use of third-country fabrics through a trade preference level (TPL).
 - The PTPA will grant reciprocal duty-free treatment to U.S. exports of textiles and apparel to Peru, and includes a placeholder to consider whether regional materials may be cumulated as a step toward achieving an integrated regional market to better compete against Asian suppliers.